

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **C&D Property Management Group Co., Ltd**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

## **C&D Property Management Group Co., Ltd**

**建發物業管理集團有限公司**

*(Incorporated in the British Virgin Islands with limited liability)*

**(Stock Code: 2156)**

### **CONTINUING CONNECTED TRANSACTION RENEWAL OF INVENTORY PROPERTY UNDERWRITING AGREEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



**瓏盛資本有限公司**  
**Draco Capital Limited**

A notice convening the EGM to be held at Room 3517, 35th Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong on Friday, 12 January 2024 at 10:00 a.m. is set out on pages N-1 to N-3 of this circular.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular for despatch to the Shareholders. Whether or not you intend to attend and/or vote at the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event not later than 48 hours before the time specified for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

21 December 2023

<b>CONTENTS</b>
-----------------

	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	4
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	IBC-1
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....	IFA-1
<b>APPENDIX — GENERAL INFORMATION</b> .....	I-1
<b>NOTICE OF EXTRAORDINARY GENERAL MEETING</b> .....	N-1

## DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“BVI”	the British Virgin Islands
“CDI”	C&D International Investment Group Limited (建發國際投資集團有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1908) and a controlling shareholder of the Company
“CDI Group”	CDI and its subsidiaries and, where the context so requires, includes its associates and joint ventures (excluding the Group)
“Company”	C&D Property Management Group Co., Ltd 建發物業管理集團有限公司, a BVI business company incorporated in the BVI with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“EGM”	an extraordinary general meeting to be held at Room 3517, 35th Floor, Wu Chung House, 213 Queen’s Road East, Wanchai, Hong Kong on Friday, 12 January 2024 at 10:00 a.m. or any adjournment thereof (as the case may be), to approve, among other things, the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder
“GFA”	gross floor area
“Group”	the Company, its subsidiaries and joint ventures
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors formed to advise the Independent Shareholders on the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder

## DEFINITIONS

“Independent Financial Adviser”	Draco Capital Limited, a licensed corporation permitted to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders on the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) who, under the Listing Rules, are not required to abstain from voting for the resolutions approving the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder
“Inventory Property Underwriting Agreement”	the inventory property underwriting agreement entered into between the Company and CDI dated 4 October 2021 (after trading hours), pursuant to which the Group shall provide inventory property sales agency services to the CDI Group for properties and/or parking spaces developed by the CDI Group
“Latest Practicable Date”	13 December 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information for the purpose of inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which only for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Renewed Inventory Property Underwriting Agreement”	the inventory property underwriting agreement entered into between the Company and CDI dated 16 November 2023, pursuant to which the Group shall provide inventory property sales agency services to the CDI Group for properties and/or parking spaces developed by the CDI Group
“Share(s)”	the ordinary share(s) with a par value of HK\$0.01 each of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

## DEFINITIONS

“Well Land” Well Land International Limited (益能國際有限公司), a BVI business company incorporated in the BVI with limited liability and a controlling shareholder of the Company

“%” per cent.

\* *For identification purpose only. The English names are only translations of the official Chinese names. In case of inconsistency, the Chinese names prevail.*

**LETTER FROM THE BOARD**

**C&D Property Management Group Co., Ltd**

**建發物業管理集團有限公司**

*(Incorporated in the British Virgin Islands with limited liability)*

**(Stock Code: 2156)**

*Executive Directors:*

Ms. Qiao Haixia (*Chief Executive Officer*)

Mr. Huang Danghui

*Non-executive Directors:*

Mr. Lin Weiguo (*Chairman*)

Mr. Xu Yixuan

*Independent non-executive Directors:*

Mr. Lee Cheuk Yin Dannis

Mr. Li Kwok Tai James

Mr. Wu Yat Wai

*Registered offices:*

2/F, Palm Grove House

P.O. Box 3340

Road Town, Tortola

BVI

*Principal place of*

*business in Hong Kong:*

Room 3517, 35/F

Wu Chung House

213 Queen's Road East

Wan Chai, Hong Kong

21 December 2023

*To the Shareholders*

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTION  
RENEWAL OF INVENTORY PROPERTY UNDERWRITING AGREEMENT  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 16 November 2023. The purpose of this circular is (i) to provide the Shareholders with further information about the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder; (ii) to set out the recommendation from the Independent Board Committee in relation to the Renewed Inventory Property Underwriting Agreement; (iii) to set out the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) to give the Shareholders a notice of the EGM and other information in accordance with the requirements of the Listing Rules.

## LETTER FROM THE BOARD

### RENEWAL OF INVENTORY PROPERTY UNDERWRITING AGREEMENT

Since the Inventory Property Underwriting Agreement will be due to expire on 31 December 2023 and it is expected that the Group will continue to enter into similar transactions thereafter, on 16 November 2023, the Company and CDI entered into the Renewed Inventory Property Underwriting Agreement, pursuant to which the Group shall provide inventory property sales agency services to the CDI Group for first-hand residential properties and/or parking spaces developed by the CDI Group. The major terms of the Renewed Inventory Property Underwriting Agreement are as follows:

#### **Date**

16 November 2023

#### **Parties**

- (1) The Company; and
- (2) CDI

#### **Term**

From 1 January 2024 to 31 December 2026.

#### **Scope**

The Group shall provide inventory property sales agency services to the CDI Group in relation to sales of the first-hand inventory residential properties and/or parking spaces developed by the CDI Group, and shall seek prospective purchasers for such Inventory Properties (the “**Inventory Properties**”) at a selling price (i.e. price per GFA for residential properties; and price per parking space for parking spaces) not less than the amount mutually agreed between the Group and the CDI Group (the “**Determined Price**”). At the completion of each property purchase, the purchaser(s) will pay the corresponding market value of the inventory properties (the “**Determined Market Value**”) to the CDI Group.

The actual transaction price will be arrived after the Company makes successful deals with the purchaser, during which the parties would use the Determined Price as a reference point for the negotiation process, and will at least be equivalent to the Determined Market Value. If the actual transaction price is higher than the Determined Market Value, the surplus between the actual transaction price and the Determined Market Value (the “**Surplus**”) will be retained by the Group. Alternatively, if the selling price accepted by the purchaser is lower than the Determined Market Value, the Company would, at its sole discretion, refuse to enter into such transaction with the purchaser.

## LETTER FROM THE BOARD

The inventory properties under the Renewed Inventory Property Underwriting Agreement shall be certain unsold residential properties and/or parking spaces developed by the CDI Group which are agreed between the Company and CDI from time to time (“**Underwriting List**”). The parties shall review and adjust the scope of the Underwriting List every six months. The initial scope of the Underwriting List such as location and amount of underlying properties will be provided by the CDI Group, and the Board would then consider (i) the location of the relevant Inventory Property (i.e. whether the business of the Company covers such city, and the Group’s sales capability in the city); and (ii) the Determined Price of the relevant Inventory Property as compared with the unit price of similar properties in the vicinity (i.e. whether the Company has an opportunity to earn Surplus through the sale of such inventory property). The scope of cooperation of the Renewed Inventory Property Underwriting Agreement shall be mutually confirmed by the parties in writing, and subsidiaries of both parties shall enter into individual agreements under the Renewed Inventory Property Underwriting Agreement, whereby each of them shall not exceed the term of the Renewed Inventory Property Underwriting Agreement.

### **Fund flow**

After the Underwriting List is confirmed, the Group shall prepay an amount equal to 100% of the Determined Market Value of all Inventory Properties within the Underwriting List (the “**Deposit**”) to the CDI Group using its internal resources within 10 working days.

After the Group completes the sale of an Inventory Property to purchaser(s) and the CDI Group receives the Determined Market Value of such property, CDI Group shall refund the corresponding amount of that property prepaid by the Group (together with the corresponding capital cost tentatively fixed at 4.8% per annum) to the Group within 10 working days.

At the end of each settlement period (i.e. every six months), the Company and CDI shall confirm the list of the Inventory Properties successfully underwritten by the Group during the relevant settlement period (the “**Sold Inventory Properties**”), in particular, the actual transaction price and Determined Market Value of such Sold Inventory Properties. CDI shall then return the amount equivalent to the Determined Market Value of unsold Inventory Properties in the Underwriting List together with the associated capital cost to the Group. If the Renewed Inventory Property Underwriting Agreement remains effective, the Group and CDI Group may agree on the Underwriting List for the next settlement period, which may or may not include the unsold Inventory Properties for the previous settlement period, hence the Deposit will be returned to the Group at least once every six months unless the parties agree otherwise.



## LETTER FROM THE BOARD

At the beginning of each settlement period, the Group shall assess its cash position such that after the Deposit is paid, the Group shall still retain a sufficient amount of cash for its ordinary course of business. Therefore, when preparing the Underwriting List, the Group shall limit the Determined Market Value within acceptable levels, so as to minimize its impact on the Company's working capital and operation, or any capital that shall be reserved for its business growth. Further, the maximum amount of Deposit represents less than half of the Company's current assets of approximately RMB3.55 billion as at 30 June 2023, hence the Board is of the view that the payment of the Deposit would have no significant adverse effect on the Group.

### Capital cost

Based on (i) the prevailing mid-to-long term (i.e. one to five years) and long term (i.e. more than five years) RMB loan benchmark interest rate published by the People's Bank of China is 3.45% (which was 20 basis points lower than that as at the beginning of 2023) and 4.20% (which was 10 basis points lower than that as at the beginning of 2023) per annum, respectively; (ii) the yield of currency instrument investments in the open market provided by third party financial institutions in the quotation is approximately 2.50% per annum; (iii) the interest rate on deposits offered by commercial banks ranged from 1.5% to 4.0% per annum; and (iv) the bank borrowings of the Group as at 30 June 2023 which bore an effective interest rate of 3.40% per annum, the Directors are of the view that the capital cost tentatively fixed at 4.8% per annum, is on normal commercial terms, and such rate is no less favourable than terms available from independent third parties. Given that the Renewed Inventory Property Underwriting Agreement will be effective till 31 December 2026, during which the Deposit will be rolling continuously every 6 months if there are no disruptions to the performance of the agreement, and the interest rates of loans for shorter term are generally less favorable than those with longer term, the Directors consider that it is reasonable to take into account the prevailing mid-to-long term and long term RMB loan benchmark interest rate.

The Board expects that the interest rate for capital cost shall only be raised in the event of an unexpected drastic increase in prevailing market interest rate during the term of the Renewed Inventory Property Underwriting Agreement. If the capital cost shall be adjusted at the end of each settlement period, the chief financial officer of the Company ("**Chief Financial Officer**") will organise a team with members selected from finance and audit departments of the Group for reviewing the negotiation and decision-making procedures for such decision to ensure its fairness and reasonableness. The Chief Financial Officer will then formulate capital cost adjustment plan and report and make recommendations to the management and the Board. Factors such as the best market interest rate obtained from at least three banks or financial institutions and the weighted average capital cost of the Group will be considered as a whole in the determination and evaluation process. If the parties reach consensus, the adjusted capital cost shall be effective. If not, the parties will continue to negotiate until an adjusted capital cost is agreed. The Chief Financial Officer will regularly check the adjusted capital cost based on the factors mentioned above to ensure that it is on normal commercial terms, and report and make recommendations to the management and the Board.

## LETTER FROM THE BOARD

### Determined Price

In determining the Determined Price, the following factors shall be taken into consideration:

- (a) the location, positioning and type of the Inventory Properties, i.e. the place where the properties are located, whether they are high-end/mid-end positioning, and whether they are residential units and/or parking spaces;
- (b) the historical sales of the Inventory Properties, including the historical average selling price, the latest selling price, the corresponding sales volume and de-stocking rate at different selling prices, and the characteristics of prospective purchasers of the relevant inventory properties;
- (c) comparable properties for sale in the vicinity of the Inventory Properties, including various factors such as type, quantity, selling price, positioning, target customers and ancillary facilities of the comparable properties for sale, to ascertain the market price of comparable properties for sales in the vicinity of the Inventory Properties;
- (d) the market stability in the region where the Inventory Properties are located (i.e. an unstable market increases negative perception among property buyers and increases the chance of price decrease) and the local government's price ceiling policies (i.e. the intensity of local government's price ceiling policy which will increase when the local market expects excess demand); and
- (e) (if applicable) based on the Group's expertise, experience and understanding of the local market, the indicative range of acceptance level of selling price of the respective Inventory Properties from prospective purchasers.

In general, the Determined Price will be determined as follows:

$$\text{Determined Price} = \text{benchmark price} \times (1 - \text{discount rate})$$

#### *Benchmark price*

The benchmark price shall be the selling price of CDI registered with the relevant local administrative department before the first sale of the property development, and is essentially the selling price during the sales period. The discount rate is negotiated and determined by CDI and the Company from time to time, which shall be not more than 20% and 50% for residential units and parking spaces, respectively (the "**Maximum Discount Rates**"). The benchmark price is determined with reference to:

- (a) the land parcel cost and the construction and development cost of the underlying Inventory Property per GFA or parking space;

## LETTER FROM THE BOARD

- (b) the price ceiling policy at the local authority; and
- (c) the selling price of the comparable properties.

In general, the benchmark price shall be greater than (a) and no more than (b) above, and in line with (c).

### *Maximum Discount Rate*

The Maximum Discount Rates shall be based on the locality of the relevant inventory properties (i.e. tier of cities where the inventory properties are located with reference to its economic, social, geographic and demographic conditions). As at the Latest Practicable Date, the Maximum Discount Rates are as follows:

City Tier <i>(Note)</i>	Residential unit		Parking space
	Flat	Villa	
1	12%	10%	20%
2	15%	12%	30%
3 and others	20%	20%	50%

*Note:* Based on the CDI Group's geographic coverage, the cities are classified as follows (subject to review from time to time):

Tier 1 cities: Beijing, Shanghai, Guangzhou and Shenzhen

Tier 2 cities: Wuhan (武漢), Chongqing (重慶), Chengdu (成都), Nanning (南寧), Ningbo (寧波), Suzhou (蘇州), Nanjing (南京), Changsha (長沙), Fuzhou (福州), Xiamen (廈門), Nanchang (南昌), Hefei (合肥), Wuxi (無錫), Hangzhou (杭州), Ji'nan (濟南), Xuzhou (徐州) and Zhuhai (珠海), Dongguan (東莞), Foshan (佛山), Wenzhou (溫州), Quanzhou (泉州), Jinhua (金華), Guiyang (貴陽), Nantong (南通), Jiaxing (嘉興), Taizhou (台州), Shaoxing (紹興)

Tier 3 and other cities: cities not mentioned above

The classification of tier of new cities and/or adjustment to the classification of tier of existing cities shall be subject to the consent of the marketing and operation departments and the responsible officers of CDI Group.

The Maximum Discount Rates are determined with reference to the maximum discount rate currently in place on the benchmark price of inventory properties of the CDI Group located in each city tier offered to the market, which is extracted from the internal survey prepared by subsidiaries of the CDI Group on the selling status of all inventory properties of the CDI Group.

## LETTER FROM THE BOARD

The internal survey of CDI Group on comparable properties should in principle follow the criteria below:

- (a) a comparable property should be similar to the underlying Inventory Property in terms of location, type, unit area, pricing, design, etc.;
- (b) 3 to 5 comparable properties should be covered; and
- (c) the discount rates referred should be within 36 months from the date of the survey.

Inventory Properties shall be sold at a discount as they are more difficult to be sold after the sales period and it is a common industry practice among property developers to sell such inventory properties at discounts. The Maximum Discount Rates serve as a starting point for determining the Determined Price and further adjustments will be made to cater for the characteristics of each Inventory Property so as to further reflect the market value of the Inventory Properties.

The initial discount rate set for each Inventory Property shall be a few percentage points less than the Maximum Discount Rate, which allows flexibility for the parties to adjust if required.

A lower (or zero) discount rate will not be adopted as the Company will only receive little Surplus or none at all from the successful sale, hence it is commercially not practical to do so, as the Company would incur expenses (e.g. wages) for value-added services it provided during the process. Hence, selling such Inventory Properties would be loss-making from the Company's perspective. Even if CDI Group requests to include such Inventory Properties into the Underwriting List, it is rational for the Group to refuse the inclusion of such Inventory Property to protect the interests of the Company and Shareholders as a whole.

In order to ascertain the market value of the Inventory Properties, CDI will form a specialist team ("**Specialist Team**") with members selected from its finance, audit and market departments and headed by the chief financial officer and the audit director to determine the adjustment of the range of discount rate and make recommendations to the management of CDI (including responsible officers at regional level) with reference to (i) the location (i.e. the city where the property is located) and type (flat/villa/parking space) of the inventory properties, where the Maximum Discount Rate for inventory properties located in high-tier cities and/or with better surrounding facilities would be adjusted downward in a larger degree and the Maximum Discount Rate for inventory properties located in low-tier cities and/or with poor surrounding facilities would be adjusted downward in a smaller degree; (ii) the historical sales of inventory properties, where the Maximum Discount Rate for inventory properties with better historical sales would be adjusted downward in a larger degree and the Maximum Discount Rate for the inventory properties with poor historical sales would be adjusted downward in a smaller degree; and (iii) the Maximum Discount Rate for inventory properties, where the comparable properties for sale in the vicinity of the inventory properties achieved good sales performance would be adjusted downward in a larger degree and the Maximum Discount

## LETTER FROM THE BOARD

Rate, and comparable properties in the vicinity achieved poor sales performance would be adjusted downward in a smaller degree. After evaluating the abovementioned factors, the Determined Price shall also be checked against local government's price ceiling policies so as to ensure that the Determined Price conforms with applicable laws and regulations. As informed by CDI, the adjustment on the discount rate is solely to determine the actual market price of the relevant Inventory Properties and the factors mentioned above affect the range of the market price of the inventory properties in an aggregate manner. As such, there are no pre-determined degree of adjustment to avoid rigid application of the factors mentioned above which may create abnormal results.

Under the general guidance set by the Specialist Team, for each Inventory Property, subsidiaries of the Company and CDI will engage in arm's length negotiation to finalise the discount rate applied and hence its Determined Price. To assess whether the Determined Price proposed by CDI is the prevailing market rate of the relevant inventory property, the Group will obtain (i) the local market pricing for similar properties and relevant available public information through the Group's own surveys; (ii) the benchmark price for the Inventory Property from local administrative department; and (iii) the historical sales data of similar inventory properties from the CDI Group.

Based on the above information, the Group will evaluate the Determined Price proposed by CDI with reference to (i) the purchasing power of prospective purchasers based on the local knowledge of the Group's sales team; and (ii) the strength of the sales team, including but not limited to, the size and experience of the team, the resources available to the team, the C&D brand's local influence, etc.. By evaluating the discount to be given, the Group would then be able to consider if the Determined Price proposed by CDI could provide a fair chance for successful sale of the relevant Inventory Property. Only when the Group considers that the Determined Price proposed by CDI could provide a fair chance for successful sale of the relevant Inventory Property, it will agree on the Determined Price. Otherwise, the Group may negotiate with the CDI Group for a revised Determined Price, or refuse to include the relevant Inventory Property in the Underwriting List.

Based on the above, the Board is of the view that the pricing policy under the Renewed Inventory Property Underwriting Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **Deposit**

The Deposit paid to CDI, being 100% of the Determined Market Value of the Inventory Properties in the Underwriting List, is unsecured. The Determined Market Value of each Inventory Property shall be as follow:

- For parking spaces = Determined Price × number of parking spaces; and
- For residential properties = Determined Price × GFA.

For details of how the Determined Price was arrived at, see the section above.

## LETTER FROM THE BOARD

The Directors, having reviewed the market comparable transactions provided by the internal market research department, including similar transactions conducted by other listed companies, consider such arrangement is on normal commercial terms and in line with the industrial practice because of the following reasons:

- (a) the CDI Group shall refund to the Group the corresponding Determined Market Value of the relevant Inventory Property together with the capital cost upon completion of the sale of such property to purchasers or at the end of each settlement period. Further, the Deposit shall be considered as a motivation for the Group to assist in selling the inventory properties quickly and increase the de-stocking rate of the Inventory Properties underwritten for the purposes of capital recycling from the CDI Group as soon as possible. The experience and expertise of the sales team of the Group would also be developed as a result; and
- (b) such arrangement is in accordance with the general commercial meaning of underwriting arrangement for goods and/or services in the PRC, where the underwriter obtains from the counterparty the sole and exclusive selling right of certain underlying goods and/or services at a pre-determined floor price and sells such goods and/or services to third parties on the underwriter's best effort basis. With reference to such practice, the Company is of the view that the payment of the Deposit in advance is a normal commercial arrangement.

The Directors reviewed the payment terms of transactions conducted by property management companies listed on the Main Board of the Stock Exchange, who also acts as a sales agent for properties developed by property developers which is a connected person, and the exhaustive list of transactions reviewed whereby deposits was paid to their connected person for the provision of sales agency services and such amount determined with reference to the base selling price of properties underwritten are set out below:

Stock Code	Company name	Signing/ announcement date	Period	Counterparty	Transaction	Subject	Deposit/ Prepayment	Return of deposit at completion/ termination
816	Jinmao Property Services Co., Limited	26/10/2023	1/1/2024–31/12/2026	China Jinmao Holdings Group Limited	CCT — Renewal of existing framework agreements	Property agency services in relation to car park spaces	A refundable deposit up to the total minimum sales price of the car park spaces	Yes
9909	Powerlong Commercial Management Holdings Limited	11/5/2022	11/5/2022–31/12/2024	Shanghai Powerlong Industrial Development (Group) Co., Ltd.	CCT — Car parking lots sales agency services framework agreement	Car parking lots sales agency services	The amount of deposits payable shall be determined with reference to the base price for the sale of the relevant target parking spaces	Yes
1755	S-Enjoy Service Group Co. Limited	29/10/2020, 8/5/2023 and 27/10/2023	1/1/2021–31/12/2024	Mr. Wang Xiaosong, Mr. Wang Zhenhua and Seazen Holdings	CCT — Services Framework Agreement	sales agency services in relation to parking lots	Refundable deposit with reference to base price of parking lots	Yes

## LETTER FROM THE BOARD

These listed companies, together with the Company, are included in the Hang Seng Property Service and Management Index and have similar principal business activities, and the above transactions are substantially similar to those contemplated under the Renewed Inventory Property Underwriting Agreement, therefore the Directors are of the view that they are comparable transactions which could be made reference to.

Based on the latest financial report and operation results published by CDI, the Board noted that, inter alia, (a) the cash balance of CDI as at 30 June 2023 amounted to approximately RMB60.7 billion; (b) the net current asset of CDI as at 30 June 2023 amounted to approximately RMB135.7 billion; (c) the accumulated contracted sales attributable to the shareholders of the CDI for the nine months ended 30 September 2023 amounted to approximately RMB101.3 billion; and (d) CDI's gearing ratio (total borrowings divided by total equity) decreased to approximately 99.18% as at 30 June 2023. Therefore, the Board (including the independent non-executive Directors) is not aware of any other factors which may materially adversely affect CDI's cash balance, liquidity, capital structure and its operational results. As a result, the Board is of view that the Deposit bear insignificant credit risk on its recoverability.

The Company shall implement a policy to monitor the credit risk of the Deposit paid to CDI, whereby:

- (a) the Company's audit, financial, and marketing departments shall form a joint working group to assess the financial condition of CDI every six months, particularly focusing on financial indicators such as asset liquidity and cash turnovers, and results of such assessment shall be reported to the Company's senior management;
- (b) if the assessment comes to the conclusion that CDI's financial condition is deteriorating, the Company's senior management shall reach out to CDI to obtain further information. The Company will then closely monitor CDI's financial conditions on a monthly basis and CDI shall provide relevant financial information as the Company may require; and
- (c) the senior management shall report to the Board if there exists a credit risk event which is considered to significantly affect the Group's operational and/or financial performance, and remedial measures shall be taken in order to counter or mitigate the impact of any significant credit risk.

If the CDI Group fails to repay the balance of the Deposit at the end of a settlement period, the Group shall:

- (a) suspend all transactions under the Renewed Inventory Property Underwriting Agreement until it receives full repayment of the Deposit in default (with the corresponding capital cost and liquidated damages);
- (b) negotiate with CDI Group to agree on a new repayment date (no later than 12 months from the original repayment date) in relation to the Deposit in default and to impose a reasonable interest rate as liquidated damages;



## LETTER FROM THE BOARD

- (c) seek assistance from C&D Real Estate, the common controlling shareholder, to coordinate and supervise, prioritizing the repayment of the Deposit in default (with the corresponding capital cost and liquidated damages).

Having considered (i) CDI's solid business fundamentals, abundant operational cash inflows, and sufficient asset liquidity, the credit risk associated with the Deposit is not significant; (ii) the Group has set up an effective internal control policy to assess credit risk regularly and to respond in the event of significantly adverse changes; (iii) the Group has made clear the procedures of the refund mechanism of the Deposit and the action plan in case CDI defaults; and (iv) since the Inventory Property Underwriting Agreement became effective, CDI has timely refunded the Deposit to the Group, the Board is of the view that the deposits arrangement and refund mechanism are fair and reasonable and in the interest of the Company and its shareholders as a whole despite the Deposit is unsecured.

### **Other terms and conditions**

CDI Group shall (a) ensure the legality and accuracy of all sales procedures and documents; (b) assign a dedicated staff to cooperate with the Group to complete the relevant work involved in the purchase and delivery of the properties; and (c) be responsible for reviewing the validity of the information for property purchases provided by the Group, enter into sale and purchases agreements for the inventory properties with the purchasers and assist the purchasers in handling all procedures for the purchase and property rights transfer with the relevant government authorities.

The Group shall provide the CDI Group with property sales agency services and assign its own staff to carry out promotion, planning and sales management work. The Group shall be also responsible for the formulation of sales plans and staff training and shall bear the remuneration of sales staff, promotion costs and office expenses.

The Group shall assign a dedicated staff to cooperate with the CDI Group. Information relating to the property sales shall be provided to the CDI Group for review and approval. The Group shall be responsible for assisting purchasers in handling all application procedures and signing property purchase contracts with the CDI Group.

CDI Group shall not transfer the property rights of the Inventory Properties to the Group. The Group shall only obtain the sole and exclusive selling right for providing inventory property sales agency services of the Inventory Properties.

The Group may terminate the Renewed Inventory Property Underwriting Agreement at any time by giving CDI a notice in writing. Within 10 working days after receiving such notice, CDI Group shall return the balance of the Deposit (including the corresponding capital cost) to the Group.



## LETTER FROM THE BOARD

### Historical transaction amounts

As the Inventory Property Underwriting Agreement was approved by the Shareholders on 30 December 2021, the capital cost received by the Group under the Inventory Property Underwriting Agreement for each of the two years ended 31 December 2022 and the nine months ended 30 September 2023 were nil, RMB46,166,000, and RMB34,315,000 respectively and the maximum balance of the Determined Market Value prepaid to CDI Group for each of the two years ended 31 December 2022 and the nine months ended 30 September 2023 were nil, RMB995 million and RMB1,000 million, respectively.

### Proposed annual caps

Pursuant to the Renewed Inventory Property Underwriting Agreement, the maximum Determined Market Value of the Inventory Properties in the Underwriting List per year (i.e. the maximum balance that the Group will pay CDI Group on a rolling basis for each of the three years ending 31 December 2026) shall not exceed RMB1.5 billion\*, which shall be the annual cap for the Deposit paid to the CDI Group for providing inventory property sales agency services. The Determined Market Value of each Inventory Property thereunder will depend on the scope of the Inventory Properties (to be reviewed and adjusted every six months) mutually agreed between the CDI Group and the Group.

The Group is also entitled to receive capital cost from the Determined Market Value prepaid to the CDI Group, which shall be not less than 4.8% per annum. After the Group completes the sale of an Inventory Property to purchaser(s) and the CDI Group receives the Determined Market Value of such property, the corresponding amount of such Inventory Property prepaid by the Group (including the corresponding capital cost) shall be refunded to the Group by the CDI Group. As such, the maximum capital costs to be received by the Group annually shall be RMB72 million.

The annual cap for the capital cost and Determined Market Value for each of the three years ended 31 December 2026 under Renewed Inventory Property Underwriting Agreement, i.e. RMB72 million and RMB1.5 billion, is around 56% and 50% higher than the maximum historical amount, respectively.

In determining the proposed annual caps, the following factors have been taken into consideration:

- (i) the historical transaction amounts paid to the Group under the Inventory Property Underwriting Agreement;
- (ii) the estimated progress of project development and sales for the real estate development business of the CDI Group which is expected to increase as compared to the previous years, including the properties held for sale of CDI as

\* There is no separate annual cap for the Determined Market Value to be paid to CDI for residential properties or parking spaces.

## LETTER FROM THE BOARD

at 30 June 2023, which is approximately RMB8.36 billion and significantly higher (i.e. about 6 times) than the proposed cap of Determined Market Value under the Renewed Inventory Property Underwriting Agreement;

- (iii) the potential growth in size of the inventory properties in real estate projects and the estimated selling price expected by the CDI Group;
- (iv) the sales capacity of the Group has increased during the term of the Inventory Property Underwriting Agreement and is expected to continue to increase, and current and estimated cash balance for the Group for the next 3 years (as at 30 June 2023, the cash balance for the Group is RMB2.65 billion); and
- (v) the expected level of return from the Group's monetary funds.

Based on the above, the Board is of the view that the proposed annual caps under the Renewed Inventory Property Underwriting Agreement are fair and reasonable. Further, the increase in annual caps for the capital cost and Determined Market Value are not significant and in line with the current business needs and financial situations of the Group.

### *Surplus*

The Group will also benefit financially from the Renewed Inventory Property Underwriting Agreement through the receipt of Surplus from Purchasers. The Surplus shall not form part of the service fees received by the Group from CDI Group under the Renewed Inventory Property Underwriting Agreement or the proposed annual caps thereunder and will be recognized as the Group's revenue because any Surplus results from transaction(s) between the Group and the purchaser(s) other than the CDI Group; and the amount of Surplus received by the Group depends on the negotiation between the Group and the purchaser through its endeavors where the CDI Group would not be involved and makes no contribution whatsoever, and can therefore be interpreted as additional commission received by the Group for the provision of the inventory property sales services. The historical amount of Surplus received by the Group under the Inventory Property Underwriting Agreement for each of the two years ended 31 December 2022 and the six months ended 30 June 2023 were nil, approximately RMB36 million, and RMB29 million, respectively.

The Directors are of the view that the Group will receive a financial return commensurate with the provision of services through the Surplus and the Deposit will generate favorable capital cost compensation, therefore the terms of the Renewed Inventory Property Underwriting Agreement are fair and reasonable and in line with the market practice.

## LETTER FROM THE BOARD

### Internal control

To ensure transactions contemplated under the Renewed Inventory Property Underwriting Agreement (including the capital cost and the Determined Price) would be on normal commercial terms, the following internal control policies and procedures were implemented:

- (a) the Chief Financial Officer has formed a working team (the “**Working Team**”) from finance, audit and marketing departments for managing and monitoring all matters in relation to the Renewed Inventory Property Underwriting Agreement;
- (b) before agreements on the capital cost and/or the Determined Price are reached, the Working Team shall review the negotiation and decision-making procedures for each property to determine if the capital cost and/or the Determined Price are fair and reasonable. The individual agreements to be entered into under the Renewed Inventory Property Underwriting Agreement shall be approved by the Chief Financial Officer;
- (c) the Working Team shall review the capital cost of the Group as a whole and ensure the capital cost under the Renewed Inventory Property Underwriting Agreement is in line with the Group’s best accessible investment return as a whole and the prevailing market interest rate;
- (d) the Working Team shall review each individual underwriting agreement and consider if the Determined Price under such underwriting agreement in relation to the relevant Inventory Properties could produce reasonable profit margins;
- (e) the Working Team shall, on a regular basis, review the sales progress of the Inventory Properties and the corresponding fund flows with the CDI Group;
- (f) the Working Team shall periodically review Inventory Properties in the Underwriting List, reconcile the balance of Deposit with movement of the Inventory Properties at the end of each month to ensure the underwritten properties have been properly removed from the scope and the balance of the Deposit is updated accordingly; and
- (g) the audit committee of the Board shall conduct review of the transactions contemplated under the Renewed Inventory Property Underwriting Agreement on a regular basis to ensure completeness and effectiveness of the internal control measures.

## **LETTER FROM THE BOARD**

### **INFORMATION ABOUT THE PARTIES**

CDI is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1908). The CDI Group is principally engaged in the businesses of real estate development, real estate industry chain investment services and investment in emerging industries in the PRC.

The Group is principally engaged in property management services, community value-added and synergy services, value-added services to non-property owners and commercial property operation and management services in the PRC.

### **REASONS FOR AND BENEFIT OF THE ENTERING INTO OF THE RENEWED INVENTORY PROPERTY UNDERWRITING AGREEMENT**

The Board believes the Renewed Inventory Property Underwriting Agreement will bring commercial benefits to the Group for the following reasons: (i) the Group shall continue to extend and enrich the content of its community value-added and synergy services by providing inventory property sales agency services; (ii) the Renewed Inventory Property Underwriting Agreement will continue to expand the Group's relevant business and generate more revenue for the Group; the Group may benefit financially from the revenues generated from inventory property sales agency services provided to the CDI Group either through capital cost that the Group receives through the Deposit or the Surplus it receives through value-added services provided to the CDI Group and/or purchasers. At the same time, the Group will prudently manage its cash balance such that payment of the Deposit will not materially adversely affect its ordinary course of business; and (iii) the Group may further build up good relationship with the property owners and residents by providing inventory property sales agency services.

### **LISTING RULES IMPLICATIONS**

As CDI is a controlling shareholder of the Company, it is a connected person of the Company and the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios under the Listing Rules in respect of the annual caps under the Renewed Inventory Property Underwriting Agreement are expected to be more than 5% on an annual basis, the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since Mr. Lin Weiguo is a director of CDI, he is required to abstain from voting on the Board resolution approving the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder. Save as to the above and to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no other Director was required to abstain from voting on the Board resolution approving the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder.

## LETTER FROM THE BOARD

### EXTRAORDINARY GENERAL MEETING

The EGM will be held by the Company at Room 3517, 35th Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong on Friday, 12 January 2024 at 10:00 a.m., to consider and if thought fit, to approve, among other things, the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder. A form of proxy for use at the EGM is enclosed with this circular.

Any Shareholder and his or her or its associates with a material interest in the resolutions will abstain from voting on the resolutions to be proposed at the EGM. Each of Well Land (which directly held 308,106,030 Shares as at the Latest Practicable Date (representing approximately 22.47% of the issued share capital), and entrusted CDI to exercise voting rights of 219,945,505 Shares directly held by it (representing approximately 16.04% of the issued share capital)) and CDI (which directly held 536,932,364 Shares as at the Latest Practicable Date (representing approximately 39.16% of the issued share capital), and was entrusted by Well Land to exercise voting rights of 219,945,505 Shares directly held by it), shall abstain from voting on the resolution to approve the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder at the EGM. Save for the aforesaid and to the best knowledge, information and belief of the Directors having made all reasonable enquires, no other Shareholders were required to abstain from voting on the relevant resolutions in relation to the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder to be considered at the EGM as at the Latest Practicable Date.

The notice convening the EGM is set out on pages N-1 to N-3 of this circular.

For those who intend to direct a proxy to attend the EGM, please complete the form of proxy and return the same in accordance with the instructions printed thereon. In order to be valid, the above documents must be delivered to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the EGM or any adjournment thereof. The register of members of the Company will be closed from Tuesday, 9 January 2024 to Friday, 12 January 2024 (both days inclusive), during which time no share transfers will be effected. In order to qualify for attending the EGM or any adjournment thereof, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar and transfer office in Hong Kong at the above address by no later than 4:30 p.m. on Monday, 8 January 2024. The holders of the Shares whose names appear on the register of members of the Company on Friday, 12 January 2024 are entitled to attend and vote in respect of the resolutions to be proposed at the EGM.

You are urged to complete and return the form of proxy whether or not you will attend the EGM. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM (or any subsequent meetings following the adjournments thereof) should you wish to do so.

## LETTER FROM THE BOARD

### INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders on the reasonableness and fairness in respect of the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder. Draco Capital Limited, the Independent Financial Adviser, has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the above issues. The text of the letter from the Independent Board Committee is set out on pages IBC-1 to IBC-2 of this circular and the text of the letter from the Independent Financial Adviser containing its advice is set out on pages IFA-1 to IFA-21 of this circular.

### RECOMMENDATION

The Directors (including the independent non-executive Directors, after considering the advice from the Independent Financial Adviser) consider that the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder (including the proposed annual caps) are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole. As such, the Directors recommend that the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

### VOTE BY POLL

In accordance with the articles of association of the Company, all the votes in the EGM must be taken by poll. The methods of Shareholders' votes at the EGM will be conducted by the combination of on-site voting and online voting.

### FURTHER INFORMATION

Your attention is also drawn to the general information set out in the Appendix to this circular.

Yours faithfully,  
By Order of the Board  
**C&D Property Management Group Co., Ltd**  
建發物業管理集團有限公司  
**Lin Weiguo**  
*Chairman and Non-executive Director*

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

*The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in connection with the entering into of the Renewed Inventory Property Underwriting Agreement for inclusion in this circular.*

**C&D Property Management Group Co., Ltd**

**建發物業管理集團有限公司**

*(Incorporated in the British Virgin Islands with limited liability)*

**(Stock Code: 2156)**

21 December 2023

*To the Independent Shareholders*

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTION  
RENEWAL OF INVENTORY PROPERTY UNDERWRITING AGREEMENT  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We have been appointed to form the Independent Board Committee to consider and advise the Independent Shareholders as to our opinion on the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder (including Proposed Annual Caps), the details of which are set out in the circular issued by the Company to the Shareholders dated 21 December 2023 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular will have the same meanings when used herein unless the context otherwise requires. Draco Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee. We wish to draw your attention to the letter from the Independent Financial Adviser as set out on pages IFA-1 to IFA-21 of the Circular.

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

Having taken into account (i) the reasons as disclosed in the paragraph headed “Reasons for and benefits of entering into of the Renewed Inventory Property Underwriting Agreement” of the Circular; and (ii) the principal factors and reasons considered by the Independent Financial Adviser, and its conclusion and advice, we are of the view and concur with the opinion of the Independent Financial Adviser that the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) are fair and reasonable, on normal commercial terms or better and in the ordinary course of business of the Group; and in the interests of the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps).

Yours faithfully,  
Independent Board Committee of  
**C&D Property Management Group Co., Ltd**  
建發物業管理集團有限公司  
**Mr. Lee Cheuk Yin Dannis**  
**Mr. Li Kwok Tai James**  
**Mr. Wu Yat Wai**  
*(Independent non-executive Directors)*



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*Set out below is the text of a letter received from Draco Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of revision of annual caps under the business framework agreement and inventory property underwriting agreement, and the transactions contemplated thereunder for the purpose of inclusion in this circular.*



Draco Capital Limited  
4/F Connaught Harbourfront House  
35 Connaught Road West,  
Sheung Wan, Hong Kong

+852 3619 2588

21 December 2023

To: The independent board committee and the independent shareholders of  
C&D Property Management Group Co., Ltd

Dear Sir/Madam,

### **CONTINUING CONNECTED TRANSACTIONS RENEWAL OF INVENTORY PROPERTY UNDERWRITING AGREEMENT**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Renewed Inventory Property Underwriting Agreement, pursuant to which the Group shall provide inventory property sales agency services to the CDI Group for firsthand residential properties and/or parking spaces developed by the CDI Group. Details of the transactions are set out in the Letter From the Board (the “**Board Letter**”) contained in the circular dated 21 December 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 16 November 2023 (after trading hours), the Company, C&D Real Estate and CDI entered into Renewed Inventory Property Underwriting Agreement.

With reference to the Board Letter, the transactions constitute non-exempt continuing connected transactions of the Company and are subject to the reporting, annual review, announcement and Independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Lee Cheuk Yin Dannis, Mr. Li Kwok Tai James and Mr. Wu Yat Wai (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the transactions are on normal commercial terms and are fair and reasonable; (ii) whether the transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

should vote in respect of the resolution(s) to approve the transactions at the EGM. We, Draco Capital Limited (“**Draco Capital**”), have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **INDEPENDENCE**

We, Draco Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Draco Capital is a licensed corporation licensed under the Securities and Futures Ordinance to conduct type 6 (advising on corporate finance) regulated activities, and participated in and completed various independent financial advisory transactions.

As at the Latest Practicable Date, we confirmed that there is no relationship or interest between Draco Capital and the Company or any other parties that could be reasonably be regarded as hindrance to Draco Capital’s independence as set out under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Shareholders in respect of the transactions.

We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We are not aware of the existence of or change in any circumstances that would affect our independence. During the past two years, we have been appointed as the independent financial adviser to the Company regarding (i) continuing connected transaction in relation to revision of annual caps under the business framework agreement and inventory property underwriting agreement, of which the circular was dated 8 December 2021; and (ii) continuing connected transaction in relation to renewal of business framework agreement, of which the circular was dated 1 December 2022. The professional fees in connections with the above appointments have been fully settled and we are not aware of or change in any circumstance that would affect our independence. Accordingly, we consider that we are eligible to give independent advise on Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the transactions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement as contained in the circular or the circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company and CDI Group or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Draco Capital to ensure that such information has been correctly extracted from the relevant sources.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the transactions, we have taken into consideration the following principal factors and reasons:

#### **1. Background of and reasons for the transactions**

##### *Information on the Group*

With reference to the Board Letter, the Group is principally engaged in property management services, community value-added and synergy services, value-added services to non-property owners and commercial property operation and management services in the PRC.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Information about the parties*

CDI is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1908). The CDI Group is principally engaged in the businesses of real estate development, real estate industry chain investment services and investment in emerging industries in the PRC. As at the Latest Practicable Date, Well Land held 1,056,470,743 issued shares of CDI, representing approximately 57.24% of the issued share capital of CDI.

### *Reasons for and benefits of the transactions*

The Group is principally engaged in property management services, community value-added and synergy services, value-added services to non-property owners and commercial property operation and management services in the PRC.

Based on that: (i) the Group shall continue to extend and enrich the content of its community value-added and synergy services by providing inventory property sales agency services; (ii) the Group may benefit financially from the revenues generated from inventory property sales agency services provided to the CDI Group; (iii) the Group may further build up good relationship with the property owners and residents by providing inventory property sales agency services, the Directors (excluding the independent non-executive Directors, who will express their views after considering the advice from the independent financial adviser) consider that the terms of the Renewed Inventory Property Underwriting Agreement are on normal commercial terms, fair and reasonable, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Having considered the above and that (i) the transactions are conducted in the ordinary and usual course of business of the Group and on a frequent and regular basis; (ii) the Group has been continuously providing to the CDI Group the inventory property underwriting service; (iii) the CDI Group has been growing rapidly in terms of operation sizes and therefore the CDI Group's demand for our services grows simultaneously; (iv) there has been long and good cooperation between (a) the Group and (b) the CDI Group which helps to develop better synergies; and (v) the Group extends its business scale for the services provided to the CDI Group, we concur with the Directors that the transactions are conducted in the ordinary and usual course of business of the Group and on a frequent and regular basis in the future and the transactions are in the interest of the Company and the Shareholders as a whole.

**2. Principal terms of the transactions**

***II. Renewed Inventory Property Underwriting Agreement***

On 16 November 2023 (after trading hours), the Company and CDI entered into the Renewed Inventory Property Underwriting Agreement, pursuant to which the Group shall provide inventory property sales agency services to the CDI Group for first-hand residential properties and/or parking spaces developed by the CDI Group. The Group shall pay to the CDI Group the full amount representing the market value of the inventory properties contemplated under the Renewed Inventory Property Underwriting Agreement to buy out the selling right of the inventory properties and obtain sole and exclusive rights for providing inventory property sales agency services to the CDI Group in relation to the inventory properties. Set out below are the key terms of the Renewed Inventory Property Underwriting Agreement, details of which are set out under the section headed “Renewal of Inventory Property Underwriting Agreement” of the Board Letter.

Date:	16 November 2023 (after trading hours)
Parties:	(1) The Company; and (2) CDI
Term:	From 1 January 2024 to 31 December 2026.
Scope:	In principle, the Group provides inventory property sales agency services to the CDI Group in relation to sales of the first-hand inventory residential properties and/or parking spaces developed by the CDI Group. The Group should seek prospective purchasers of the inventory properties developed by the CDI Group and procure the acquisition of the inventory properties by the purchaser(s) at a selling price no less than that determined on basis mutually agreed between the CDI Group and the Group (the “ <b>Determined Price</b> ”). Based on the Determined Price, the purchaser(s) will pay the corresponding purchase price of the property to the CDI Group. If the actual transaction price is higher than the Determined Price, the surplus between the actual transaction price and the determined price will be shared by the Group.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The inventory properties under the Renewed Inventory Property Underwriting Agreement are the unsold residential inventory properties and/or parking spaces developed by the CDI Group. The parties shall review and adjust the scope of the properties under the Inventory Property Underwriting Agreement every six months. Details of such properties such as scope and amount will be provided by the CDI Group and included in the scope of cooperation of the Inventory Property Underwriting Agreement after mutual confirmation by both parties. After the confirmation of such details in writing by the parties, the Group shall pay an amount equal to 100% of the market value of the inventory properties to the CDI Group using its internal resources within 10 working days. After the Group completes the sale of a property to purchaser(s) and the CDI Group receives the purchase price of such property, the purchase price of that property prepaid by the Group (including the corresponding capital cost tentatively fixed to be 4.8% annually (subject to adjustment but no less than 4.8% annually)) shall be refunded to the Group by the CDI Group. The CDI Group shall refund to the Group the principal and capital cost of the amount prepaid by the Group within 10 working days after the completion of the sale of the inventory properties or the expiration of the Inventory Property Underwriting Agreement (whichever is earlier). The subsidiaries of both parties shall enter into individual agreements under the Renewed Inventory Property Underwriting Agreement.

Historical transaction amounts: The historical service fee receivable by the Group under the Inventory Property Underwriting Agreement for each of the two years ended 31 December 2022 and the nine months ended 30 September 2023 were nil, RMB46,166,000, and RMB34,315,000 respectively.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With reference to the Board Letter, the Company adopted various internal control procedures (the “**Property Underwriting IC**”) to ensure that the payment of each of the transactions fairly reflects the market value of the corresponding Underlying Inventory Properties and the transactions are properly monitored. Details of the Property Underwriting IC are set out under the sub-section headed “Internal control” under section headed “Renewal of Inventory Property Underwriting Agreement” of the Board Letter. Having considered, among other things,

- (i) the Group has a specialist team with members selected from the departments of finance, audit and operation for managing and monitoring all the payments to and the repayments from the CDI Group in relation to the Inventory Property Underwriting Agreement;
- (ii) the Group shall review each specific underwriting agreement and consider if the advance payment under such specific underwriting agreement in relation to the relevant Underlying Inventory Properties fairly reflects the market value of the corresponding Underlying Inventory Properties;
- (iii) the Group shall, at a regular basis, review the sales progress of each Underlying Inventory Property and the corresponding fund flows with the CDI Group;
- (iv) the Group shall make regular communication with the CDI Group in relation to its operating and financial status and judge its liquidity and creditability;
- (v) should the Group perceive with reasonable basis any material negative changes in the CDI Group’s operating and/or financial status, the Group will exercise its right to terminate Renewed Inventory Property Underwriting Agreement and demand full repayment from the CDI Group;
- (vi) the Group shall conduct periodic review on the inventory properties list, reconcile the balance of advanced full payment with the CDI Group to the movement of the inventory properties at the end of each month to ensure the underwritten properties have been properly removed from the list and the balance of the Group’s advanced full payment with the CDI Group is updated in accordance with the underwriting performance completed; and
- (vii) the market value of the properties for underwriting by the Group as determined by the parties (i.e. the Determined Prices of the inventory properties) shall not exceed an annual cap of RMB1.5 billion during the term of the Renewed Inventory Property Underwriting Agreement. In the event of successful purchases of the inventory properties by third-party purchasers through the Group, the CDI Group shall enter into property purchases and sales agreements for the inventory properties with the third-party purchasers. The Group shall recognize a transaction for compliance of annual cap when the legal assignment of the sales of property is completed, which is the point in time when the third-party purchasers have



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the ability to direct the use of the properties and obtain substantially all of the remaining benefits of the properties. At that point in time, the Group shall recognise the receivable payable by the CDI Group in relation to the refund of the Determined Price of the relevant properties sold plus the corresponding capital cost. In principle, the Group shall review the current underwriting performance with the CDI Group every half year: (i) underwritten properties shall be removed from the inventory property list; and (ii) new properties may be added to the inventory property list upon mutual agreement of both parties.

(viii) In determining the Determined Prices of the inventory properties of the CDI Group under the Renewed Inventory Property Underwriting Agreement, the following factors have been taken into consideration by CDI:

- (a) the location, positioning and business distribution of the inventory properties, i.e. the place where the properties are located, whether they are high-end/mid-end positioning, and the type and quantity of residential units and/or parking spaces;
- (b) the historical sales of the inventory properties, including the historical average selling price, the recent selling price immediately before the entering into of the Renewed Inventory Property Underwriting Agreement, the corresponding sales volume and de- stocking rate at different selling prices, and the characteristics of the purchasers of the relevant inventory properties;
- (c) the sales of comparable properties for sales in the vicinity of the inventory properties, including various factors such as the type, quantity, selling price, positioning, target customers and ancillary facilities of the comparable properties for sale, so as to determine the price at a fair market level;
- (d) the market stability in the region where the inventory properties are located and the local government's price limiting policies, so as to take into account the expected real estate price changes; and
- (e) (if applicable) based on the Group's expertise, experience and understanding of the local market, the preliminary/indicative range of acceptance level of selling price of the respective inventory properties from potential interested purchasers.

In general, the Determined Price will be determined quantitatively as follows:

$$\text{Determined Price} = \text{benchmark price} \times (1 - \text{discount rate})$$



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The benchmark price shall be the price of the property unit or parking space which the Company submitted to the relevant authority for project archival filing, which is the selling price registered with the relevant local administrative department before the first sale of the project. The benchmark price is essentially the selling price of the property unit or parking space at the sales period. The discount rate is negotiated and determined by CDI and the Company from time to time, which shall be not more than 20% (inclusive) for residential property units and not more than 50% (inclusive) for parking spaces. Such maximum discount rates (the “**Maximum Discount Rates**”) (subject to adjustment) shall in principle be based on the locality of the relevant inventory properties (i.e. tier of cities where the inventory properties are located with reference to its economic, social, geographic and demographic conditions).

For details of the discount rate, please refer to the Board Letter section “Renewal of Inventory Property Underwriting Agreement — Determined Price”.

- (f) To assess whether the Determined Price proposed by CDI is the market price of the relevant inventory property, the Group will obtain (i) the local market pricing for similar properties and relevant available public information through the Group’s own surveys; (ii) the benchmark price for the underlying inventory property from local administrative department; and (iii) the historical sales data of the relevant inventory property from the CDI Group. Based on the above information, the Group will further evaluate the Determined Price proposed by CDI with reference to (i) the purchasing power of the potential group of purchasers for the relevant inventory property based on the local knowledge of the sales team; and (ii) the strength of the sales team, including but not limited to, the size and experience of the team, the resources available to the team, the C&D brand’s local influence, etc.. Only when the Group considers that the Determined Price proposed by CDI could provide a fair chance for successful sale of the relevant inventory property will the Group agree on the Determined Price proposed by CDI. If not, the Group may choose to negotiate with the CDI Group for a revised Determined Price, or refuse to include the relevant inventory property in the scope of the Renewed Inventory Property Underwriting Agreement.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ix) The Company and CDI shall discuss whether the capital cost will be adjusted at the time of payment reconciliation every six months. When adjusting the capital cost (if necessary), the Chief Financial Officer has formed a team with members selected from finance and audit departments of the Group for reviewing the negotiation and decision-making procedures for adjusting the capital cost to ensure such procedures have been executed on a fair and reasonable basis. The Chief Financial Officer will then formulate capital cost adjustment plan and report and make recommendations to the management and the Directors (including independent non-executive Directors). Factors such as (i) the best interest rate the Group is able to attain from the external third party financial institutions; and (ii) the weighted average capital cost of the Group will be considered as a whole in the process of determination and evaluation of the capital cost. Subsequently, the proposed capital cost will be delivered to the CDI Group for fair negotiation. If the parties reach consensus, then the adjusted capital cost shall be effective in place. If not, the parties will continue to negotiate until an adjusted capital cost is reached. The Chief Financial Officer will check the mutually-agreed-on adjusted capital cost based on the factors mentioned above to ensure if it is on normal commercial terms. The Chief Financial Officer will report and make recommendations to the management and the Directors (including independent non-executive Directors).

We have reviewed the Company's policy in arriving at the Determined Price from the benchmark price and discount rate as mentioned above. Given that the management have assessment based on certain objective reference as mentioned above to come up with the benchmark price and the Determined Price will be at a certain discount to the benchmark price depending on the location and type of the properties under the underwriting arrangement which could provide a fair chance for successful sale of the inventory property, we consider the internal control is sufficient to ensure the Determined Price would be on normal commercial terms. Further, since the capital cost will be reviewed regularly between the Group and the CDI Group with reference to objective source such as the interest rate which is able to attain from the external third party financial institutions, we consider the adjusted capital cost would be on normal commercial terms.

We have reviewed the basis to determine each of the Determined Market Value, the Determined Price, the Maximum Discount Rates, the actual transaction price and the benchmark price as detailed in the Board Letter. We considered that the parameters above are with reference to historical sales, comparable properties transaction, quality of the properties, which are fair and reasonable.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As mentioned in the Board Letter, a lower (or zero) discount rate will not be adopted as the Company will only receive little Surplus or none at all from the successful sale, hence it is commercially not practical to do so, as the Company would incur costs and expenditures (e.g. wages) for value-added services it provided during the process. Hence, selling such Inventory Properties would be loss-making from the Company's perspective. Even if CDI Group requests to include such Inventory Properties into the Underwriting List, it is rational for the Group to refuse the inclusion of such Inventory Property in the first place in order to protect the interests of the Company and Shareholders as a whole. In this regard, we consider that the Company inclines to operate in a commercially viable matter which is fair and reasonable and in the interest of the Company and its shareholders as a whole.

Having reviewed the internal control policy regarding the Renewed Inventory Property Underwriting transactions and the benchmark reference of the adjusted capital cost as mentioned under the sub-heading "*Renewed Inventory Property Underwriting Agreement Caps*" per below, we rely on confirmation by Directors and internal control review report performed by internal control expert with no exception noted that the internal control is in place on inventory property underwriting transactions and we have reviewed the most recent audit opinion which represents true and fair view, we consider that the Property Underwriting IC are sufficient for the Company to monitor the Renewed Inventory Property Underwriting transactions and that the adjusted capital cost is on normal commercial terms.

As mentioned in the Board Letter under the heading of "Renewal of Inventory Property Underwriting Agreement", (i) the Company implements a policy to monitor the credit risk of the Deposit paid to CDI as safeguard measures, (ii) the Group has safeguard procedures if CDI Group fails to repay the balance of the Deposit at the end of a settlement period.

We have (i) reviewed CDI's financial statements and noted CDI's solid business fundamentals as evidenced by the total assets of approximately RMB470 billion and net assets of approximately RMB90.4 billion as at 30 June 2023, abundant operational cash inflows as evidenced by net increase in cash and cash equivalents by approximately RMB10 billion for the six months period ended 30 June 2023, and sufficient asset liquidity as evidenced by net current assets of approximately RMB135.7 billion, and that the credit risk associated with the deposits is not significant; (ii) we have reviewed the Group's effective internal control policy to assess credit risk at regular basis and to respond in the event of significantly adverse changes; (iii) the Group has made clear the procedures of the refund mechanism of the deposits and the action plan in case CDI defaults as mentioned in the Board Letter and (iv) the Board has confirmed to us there has been on time repayment for the refunds by CDI when incurred and there is no adverse audit opinion, we are of the view that the deposits arrangement and refund mechanism are sufficient, fair and reasonable and in the interest of the Company and its shareholders as a whole.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having reviewed the Renewed Inventory Property Underwriting Agreement with details confirmed by the management of the Company, we noted that the rights and obligations under the Renewed Inventory Property Underwriting Agreement were properly defined as detailed in sub-section “Other terms and conditions” under “Renewal of Inventory Property Underwriting Agreement”. As such, we consider that the transaction terms under the Renewed Inventory Property Underwriting Agreement is acceptable.

Having reviewed (i) the basis to determine each of the Determined Market Value, the Determined Price, the Maximum Discount Rates, the actual transaction price and the benchmark price as detailed in the Board Letter, (ii) the internal control policy regarding the Renewed Inventory Property Underwriting transactions and (iii) the benchmark reference of the adjusted capital cost as mentioned under the sub-heading “*Renewed Inventory Property Underwriting Agreement Caps*” per below, the pricing policy under the Renewed Inventory Property Underwriting Agreement is fair and reasonable, and in the interest of the Company and its shareholders as a whole.

### *Assessment in relation to the payment of the Determined Prices in advance*

In formulating our view on the payment terms of the Determined Prices, we have considered the market norm by studying the payment terms in advance of the property management companies listed on the Main Board of the Stock Exchange, who also acts as sales agency of properties to property developers which are connected parties in all those connected transactions up to November 2023. To the best of our knowledge and as far as we are aware of, we identified 29 listed companies in the Main Board of the Stock Exchange (the “**Comparable Listed Companies**”) which met the said criteria and they are exhaustive. Shareholders should note that the businesses and operations of the Company are not the same as the subject companies of the Comparable Listed Companies and we have not conducted any in-depth investigation into such respect. It is our view that the subject companies are comparable to the Company since they are property management companies and the transactions were of the similar types.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Stock Code	Company name	Signing/ announcement Date	Period	Counterparty	Transaction	Subject	Deposit/ Prepayment	Return of deposit at completion/ termination
1516	Sunac Services Holdings Limited	4/11/2020 and 29/4/2022	19/11/2020–31/12/2024	Sunac China Holdings Limited	CCT — Property agency services framework agreement	property agency sales service in respect of use rights of car park spaces	A refundable deposit of up to the total minimum purchase price of use rights of the car park spaces to be sold	Yes
6098	Country Garden Services Holdings Company Limited	18/9/2018	18/9/2018–31/12/2020	Country Garden Holdings Company Limited	CCT — Sale and leasing agency services framework agreement	sales agency services in respect of unsold properties units	Pre-commencement fee: one-time payment of 0.5% of the value of property units	No
873	Shimao Services Holdings Limited	16/10/2020	30/10/2020–31/12/2022	Shimao Group Holdings Limited	CCT — Master carpark sales agency services agreement	sales agency service in respect of carpark space	Not specified	Not specified
3913	KWG Living Group Holdings Limited	14/10/2020, 29/9/2021 and 21/11/2022	30/10/2020–31/12/2025	KWG Group Holdings Limited	CCT — Property agency services framework agreement	property agency services in respect of properties	No	N/A
6049	Poly Property Services Co., Ltd	16/7/2021, 16/11/2022 and 3/11/2023	15/9/2021–31/12/2026	Poly Developments and Holdings Group Co., Ltd.	CCT — Parking Space Leasing and Sales Agency Services Framework Agreement	leasing and sales agency services in respect of parking space	In an amount not exceeding 50% of the sum of the base price for sales or leasing of the target parking spaces	Yes
6989	Excellence Commercial Property & Facilities Management Group Limited	5/10/2020 and 22/7/2022	19/10/2020–31/12/2023	Mr. Li Wa	CCT — Property agency services framework agreement	property agency services in respect of residential and commercial properties	No	N/A
1755	S-Enjoy Service Group Co., Limited	29/10/2020, 8/5/2023 and 27/10/2023	1/1/2021–31/12/2024	Mr. Wang Xiaosong, Mr. Wang Zhenhua and Seazen Holdings	CCT — Services Framework Agreement	sales agency services in relation to parking lots	Refundable deposit with reference to base price of parking lots	Yes
1971	Redsun Services Group Limited	24/6/2020, 8/12/2022, 7/6/2023 and 16/8/2023	11/3/2020–31/12/2022	Redsun Properties Group Limited and its associates	CCT — Parking Space Sales and Leasing Agency Services Framework Agreement	sales and leasing agency services in relation to parking space	Refundable deposit with reference to sales reserve price of parking lots	Yes
1995	Ever Sunshine Lifestyle Services Group Limited	22/4/2021, 23/12/2021 and 26/9/2023	22/4/2021–31/12/2024	CIFI Holdings (Group) Co. Ltd.	CCT — Sales agency services framework agreement	sales agency service in relation to residential properties and car parking spaces	No	N/A
3319	A-Living Services Co., Ltd	29/1/2018	9/2/2018–31/12/2020	Agile Group Holdings Limited	CCT — Property Agency Services Framework Agreement	property agency service in relation to properties	Not specified	Not specified
3316	Binjiang Service Group Co. Ltd.	18/6/2021, 16/12/2021 and 3/11/2022	1/1/2021–31/12/2023	Hangzhou Binjiang Real Estate Group Co., Ltd.	CCT — Sales Agency Services Framework Agreement	sales agency service in relation to properties	No	N/A

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Stock Code	Company name	Signing/ announcement Date	Period	Counterparty	Transaction	Subject	Deposit/ Prepayment	Return of deposit at completion/ termination
816	Jinmao Property Services Co., Limited	26/10/2023	1/1/2024–31/12/2026	China Jinmao Holdings Group Limited	CCT — Renewal of existing framework agreements	Property agency services in relation to car park spaces	A refundable deposit up to the total minimum sales price of the car park spaces	Yes
982	Huafa Property Services Group Company Limited	31/10/2022	1/1/2023–31/12/2025	Zhuhai Huafa Group Co., Ltd.	CCT — 2022 Property management services cooperation framework agreement	Sales agency services in relationship to properties	No	N/A
1153	Jiayuan Services Holdings Limited	29/11/2022	1/12/2022–31/12/2024	Jiayuan International Group Limited	CCT — Car parking space exclusive sales agency agreement	Car parking space sales agency service	Refundable deposit is equivalent to the aggregate pre-determined minimum prices for the designated car parking spaces	Yes
1965	Landsea Green Life Service Company Limited	15/9/2021, 22/11/2021 and 13/10/2023	Commencement date in 2021–31/12/2026	ChengduLanghuaReal Estate Co., Ltd and Mr. Tian and his associates	CT — Exclusive sales agency agreement	Sales agency service in relation to properties	The deposit represents the aggregate pre-determined minimum prices of the properties	Yes
2146	Roiserv Lifestyle Services Co., Ltd.	1/12/2021	1/12/2021–30/11/2022	RiseSun Holdings Co., Ltd.	CCT — Master carpark sales agency service agreement	Sales agency service in relation to carpark	No	N/A
2168	Kaisa Prosperity Holdings Limited	4/11/2020 and 9/11/2023	1/1/2021–31/12/2026	Kaisa Group Holdings Ltd.	CCT — Sales assistance services framework agreement	Sales assistance services in relation to properties	No	N/A
2205	Kangqiao Service Group Limited	21/4/2022 and 14/11/2023	Commencement date in 2022–31/12/2026	Beijing Tongdao Shenghe Investment Co., Ltd.	CCT — Supplemental sales agency services framework agreement	Sales agency services in relation to properties	Refundable deposits shall be equal to a percentage ranging from 20% to 40% of the saleable value of the underlying properties	Yes
2207	Ronshine Service Holding Co., Ltd	21/7/2022 and 23/11/2022	21/7/2022–31/12/2025	Ronshine China Holdings Limited	CCT — Carpark sales agency service framework agreement	Sales agency services in relation to carparks	Deposit is 15% of the estimated value of the car parking spaces	Yes

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Stock Code	Company name	Signing/ announcement Date	Period	Counterparty	Transaction	Subject	Deposit/ Prepayment	Return of deposit at completion/ termination
2215	Dexin Services Group Limited	9/6/2022	Commencement date in 2022 to 31/12/2024	Dexin China Holding Company Limited	CCT — Parking space leasing and sales agency services framework agreement	Sales agency services in relation to parking space	Deposit is in an amount not exceeding 50% of the aggregate value of the target parking spaces	Yes
2352	Dowell Service Group Limited	18/10/2023	Effective date to 31/12/2026	Dima Holdings Co., Ltd.	CCT — Renewal of the existing Dima group master agreements	Providing marketing and sales services for car parking spaces and property	No	N/A
2370	Redco Healthy Living Company Limited	25/11/2022	Effective date to 31/12/2024	Redco Properties Group Limited	CCT — Supplemental carpark sales agency services framework agreement	Sales agency services in relation to carparks	Deposit is in an amount not exceeding 60% of the base value	Yes
2376	Lushang Life Services Co., Ltd.	20/11/2023	1/1/2024 to 31/12/2025	Lushang Freda Pharmaceutical Co.,Ltd. and Shandong Commercial Group Co., Ltd.	CCT — Supplemental master property agency services agreement	Sales agency services in relation to properties	No	N/A
3662	Aoyuan Healthy Life Group Company Limited	28/8/2023	1/1/2024– 31/12/2026	China Aoyuan Group Limited	CCT — Master CCT agreements	Property or parking space sales agency services	No	N/A
6677	Sino-Ocean Service Holding Limited	30/12/2021, 14/10/2022 and 13/11/2022	Effective date– 31/12/2026	Sino-Ocean Holding Group (China) Limited	CCT — Exclusive parking space sales agency services framework agreement	Parking space sales agency services	No	N/A
9909	Powerlong Commercial Management Holdings Limited	11/5/2022	11/5/2022– 31/12/2024	Shanghai Powerlong Industrial Development (Group) Co., Ltd.	CCT — Car Parking lots sales agency services framework agreement	Car parking lots sales agency services	The amount of deposits payable shall be determined with reference to the base price for the sale of the relevant target parking spaces	Yes
9928	Times Neighborhood Holdings Limited	16/11/2021 and 21/3/2023	1/1/2022– 31/12/2024	Times China Holdings Limited	CCT — Provision of the services by the group	Sales agency service for car parks and properties	No	N/A
9978	Fineland Living Services Group Limited	25/10/2023	1/1/2024– 31/12/2026	Fineland Group Holdings Company Limited	CCT — The provision of real estate agency services by the group	Sales agency service of real estate	No	N/A

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Stock Code	Company name	Signing/ announcement Date	Period	Counterparty	Transaction	Subject	Deposit/ Prepayment	Return of deposit at completion/ termination
9983	Central China New Life Limited	9/12/2022	Effective date to 31/12/2025	Central China Real Estate Limited	CCT – Renewed real estate agency services framework agreement	Sales agency service of real estate	No	N/A

The Comparable Listed Companies acts as the selling agency for car parks, residential and commercial properties of their respective counterparties. 13 of Comparable Listed Companies have disclosed the deposit/prepayment terms. Out of the 13 of Comparable Listed Companies which have disclosed the deposit/prepayment terms, 12 of them will receive return of the deposit/prepayment upon completion or termination of the agreement and they do not require mandatory purchase of unsold properties at termination.

Per research and information obtained and information of Comparable Listed Companies above, we understand that there is a range of property sales arrangement in PRC and per research and information obtained above, (i) there is no limitation on the amount of underwriting deposit in PRC, the amount of underwriting deposit depends on commercial negotiation between the property sales agency and the property developer; (ii) each of the individual agreement shall not exceed the term of the Renewed Inventory Property Underwriting Agreement; (iii) there is no material recoverability issue of the deposits as aware by the Board; (iv) the deposit arrangement is in line with industry practice as shown above. Further, we have considered that (i) only when the Group considers that the Determined Price proposed by CDI could provide a fair chance for successful sale of the relevant inventory property will the Group agree on the Determined Price proposed by CDI. If not, the Group may choose to negotiate with the CDI Group for a revised Determined Price, or refuse to include the relevant inventory property in the scope of the Renewed Inventory Property Underwriting Agreement; and (ii) the CDI Group would pay to the Group capital cost on the Group's prepayment to the CDI Group when the Group and the CDI Group settle the underwritten inventory property lists semi-annually and the Company and CDI shall discuss whether the capital cost will be adjusted at the time of payment reconciliation every six months by comparing with the market rate; and (iii) should the Group perceive with reasonable basis any material negative changes in the CDI Group's operating and/or financial status, the Group will exercise its right to terminate Renewed Inventory Property Underwriting Agreement and demand full repayment from the CDI Group, as mentioned above. We are of view that the payment of 100% of the Determined Prices in advance is on normal commercial terms and is in line with the industrial practice.

In light of the above factors and having reviewed the Renewed Inventory Property Underwriting Agreement, we are of the view that the terms of the Renewed Inventory Property Underwriting Agreement are on normal commercial terms and are fair and reasonable.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Renewed Inventory Property Underwriting Agreement Caps*

Pursuant to the Renewed Inventory Property Underwriting Agreement, the maximum market value of the unsold residential inventory properties for underwriting entrusted by the CDI Group to the Group for sales per year shall not exceed RMB1.5 billion, and the Group shall pay to the CDI Group the full amount representing the market value of the inventory properties to buy out the selling right of the inventory properties and obtain sole and exclusive rights for providing inventory property sales agency services. After the Group completes the sale of a property to purchaser(s) and the CDI Group receives the purchase price of such property, the purchase price of that property prepaid by the Group (including the corresponding capital cost tentatively fixed to be 4.8% annually (subject to adjustment but no less than 4.8% annually)) shall be refunded to the Group. As such, based on the maximum capital costs to be received by the Group annually being RMB72 million, the proposed annual cap is approximately RMB1.572 billion for each of the three years ending 31 December 2026.

According to the People's Bank of China's RMB loan benchmark interest rate, the interest rate for med-to-long term (one to five years) and long term (more than five years) loans is 3.45% and 4.20% per annum, respectively; and according to the 2023 interim report of the CDI Group, the bank loans bear interest of effective interest rate is 3.5% during the year ended 31 December 2022. After negotiation between the two parties, the capital cost was determined to be 4.8%.

As advised by the Directors, in arriving at the Renewed Inventory Property Underwriting Agreement Caps for the years ending 31 December 2026, the Directors considered factors set out under the sub-section headed "Proposed annual caps" under the section headed "Renewal of Inventory Property Underwriting Agreement" of the Board Letter.

As advised by the Directors, in determining the proposed annual caps, the following factors have been taken into consideration:

- (i) the estimated progress of project development and sales for the real estate development business of the CDI Group;
- (ii) the potential growth in size of the inventory properties in real estate projects and the estimated selling price expected by the CDI Group; and
- (iii) the expected sales capacity of the Group.

The features of the inventory properties planned to be sold (the "**Underlying Inventory Property(ies)**") under the Renewed Inventory Property Underwriting Agreement are as follows:

- (i) the construction work of such Underlying Inventory Properties has been completed;

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) the sales progress (as measured by the percentage of the value of the units sold to the value of the total sellable units) of the property development where such Underlying Inventory Properties are located reaches 90% or above; and
- (iii) the Group is providing/about to provide property management services to the property development of such Underlying Inventory Properties.

Upon our further request, we obtained and reviewed detailed listing that the total value of the CDI Group's unsold property projects (for those completed projects with sales progress exceeded 90% or more for that whole project) on 22 November 2023 exceeded RMB1.5 billion. After internal investigations of the Group and negotiations between the Group and the CDI Group, the two parties agreed that the market value of the underwriting projects each year shall not exceed RMB1.5 billion. Accordingly, we have recalculated that the maximum capital costs to be received by the Group annually shall be RMB72 million.

Save for the above, we also reviewed the CDI Group's announcement dated 25 August 2023 for which the interim revenue of CDI Group for the six months ended 30 June 2023 is approximately 37.7% higher than same period of the prior year, statistics data as published by National Bureau of Statistics that in the first half of 2023, commercial housing sales were RMB6,309.2 billion, representing an increase of 1.1% as compared to the same period of prior year and information in respect of the CDI Group's operation performance for which the interim profit of CDI Group for the six months ended 30 June 2023 is approximately 31.9% higher than same period of the prior year, etc. to form our view in respect of the fairness and reasonableness of the Renewed Inventory Property Underwriting Agreement Caps. With the fast growth of CDI Group, we considered that the Renewed Inventory Property Underwriting Agreement Caps are fair and reasonable.

As advised by the Directors, the total of the Determined Prices of the inventory properties shall not exceed an annual cap of RMB1.5 billion during the term of the Renewed Inventory Property Underwriting Agreement. In the event of successful purchases of the inventory properties by third-party purchasers through the Group, the CDI Group shall enter into property purchases and sales agreements for the inventory properties with the third-party purchasers. The Group shall recognize a transaction for compliance of annual cap when the legal assignment of the sales of property is completed, which is the point in time when the third-party purchasers have the ability to direct the use of the properties and obtain substantially all of the remaining benefits of the properties. At that point in time, the Group shall recognise the receivable payable by the CDI Group in relation to the refund of the Determined Price of the relevant properties sold plus the corresponding capital cost. Assuming the Group fully underwrites at maximum capacity, the total maximum exposure of the Company's advanced full payment with the CDI Group at any time for each financial year during the term of the Renewed Inventory Property Underwriting Agreement would be RMB1.5 billion.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As advised by the Directors, in principle, the Group shall review the current underwriting performance with the CDI Group every half year: (i) underwritten properties shall be removed from the inventory property list; and (ii) new properties may be added to the inventory property list upon mutual agreement of both parties.

Pursuant to the Renewed Inventory Property Underwriting Agreement, the profit of the Company will be derived from:

- (a) the excess portion (the “**Commission**”) of actual transaction price and the selling price determined by the CDI in advance (the “**Determined Prices**”), which will be recorded as revenue contributed from the community value-added and synergy service segment. According to the management of the Company, assuming (i) the Group is able to assist in the sales of the inventory properties of the CDI Group and may procure close rates of 20%–40% depending on the specific characteristics of the underwritten properties; (ii) the estimated Commission would be around 5%, based on the assumption that the Group would be able to sell the inventory properties to third parties at an average premium of 5% relative to the Determined Prices. According to the management of the Company, the Group tends to underwrite properties located in the markets where the C&D brand is well recognized and the Group has well-established channels in order to realize such premium; and (iii) the estimated underwriting costs to be incurred by the Group being around 40% of the estimated Commission, the annual expected profit before tax would be around RMB9 million to RMB18 million; and
- (b) the CDI Group would pay to the Group 4.8% capital cost on the Group’s prepayment to the CDI Group when the Group and the CDI Group settle the underwritten inventory property lists semi-annually. Assuming the Group fully underwrites RMB1.5 billion worth of inventory properties (as measured by the Determined Price), the expected capital cost to be paid by the CDI Group is approximately RMB72 million annually.

As (i) the entering into of the Renewed Inventory Property Underwriting Agreement only serves as a first step of commencing the renewed inventory property sales agency services and the renewed inventory property sales agency services of the Group will also be provided to other independent third party property developers; (ii) the operating profit generated as shown above is not material when comparing to the Group’s profit before taxation of approximately RMB251 million for the year ended 31 December 2022; and (iii) per management of the Company, the Group would normally deposit its disposable cash to earn interests with interest rates not more than 3% and, therefore, the capital cost received makes no significant effect to the Group’s overall profitability, we concur with the Company’s view that there is no material reliance on CDI Group by the Group due to Renewed the Inventory Property Underwriting Agreement.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have reviewed that according to the People's Bank of China's RMB loan benchmark interest rate, the interest rate for med-to-long term (one to five years) and long term (more than five years) loans is 3.45% and 4.20% per annum, respectively; and according to the 2023 interim report of the CDI Group, the bank loans bear interest of effective interest rate is 3.5% during the year ended 31 December 2022. We consider that the capital cost of 4.8% exceeds the rates above, which is fair and reasonable.

As mentioned in the Board Letter, if the Group fails to facilitate successful purchases of the inventory properties by purchasers within the term of the Renewed Inventory Property Underwriting Agreement, the CDI Group shall refund the Determined Market Value of unsold Inventory Properties (together with the corresponding capital cost) to the Group upon the expiration or termination of the Renewed Inventory Property Underwriting Agreement, and the Group does not incline to sell properties at a price lower than the Determined Price. It is our view that the arrangements and service fees calculation are fair and reasonable, and in the interest of the Company and its shareholders as a whole.

Following the above comments, we are of the view that the terms under the Renewed Inventory Property Underwriting Agreement are fair and reasonable.

In light of the above factors and having reviewed the Renewed Inventory Property Underwriting Agreement, we are of the view that the terms of the Renewed Inventory Property Underwriting Agreement are on normal commercial terms and are fair and reasonable.

### **3. Listing Rules implication regarding the continuing connected transactions**

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the continuing connected transactions must be restricted by their respective proposed annual cap for the period; (ii) the terms of the continuing connected transactions (including their respective annual caps) must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the continuing connected transactions of the Company must be included in the Company's subsequent published annual reports.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the continuing connected transactions of the Company (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded their respective annual caps.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In the event that the total amounts of the continuing connected transactions of the Company are anticipated to exceed their respective annual caps, or that there is any proposed material amendment to the terms of their relevant agreements, as confirmed by the Directors, the Company shall re-comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the continuing connected transactions of the Company and thus the interest of the Independent Shareholders would be safeguarded.

### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the transactions are on normal commercial terms and are fair and reasonable; and (ii) the transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the transactions and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,  
For and on behalf of  
**Draco Capital Limited**  
**Kevin Choi**                      **Ivan Chan**  
*Managing Director*                      *Director*

Mr. Kevin Choi and Mr. Ivan Chan are licensed persons under the SFO to carry out type 6 (advising on corporate finance) regulated activity under the SFO and regarded as responsible officers of Draco Capital Limited. Mr. Kevin Choi and Mr. Ivan Chan have over 12 and 7 years of experience in corporate finance industry, respectively.

\* *For identification purposes only*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

### (i) Long positions in shares and underlying shares of the Company and its associated corporation

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO); (ii) pursuant to Section 352 of the SFO, to be entered in the register of members of the Company; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### *Long Positions in the Shares*

Name of Director	Capacity/Nature of interest	Number of issued Shares/ underlying Shares held	Approximate percentage of interest in the Company (Note 1)
Mr. Lin Weiguo	Interest of controlled corporation	53,918,090 (Note 2)	3.93%
Ms. Qiao Haixia	Beneficiary of a trust	831,147 (Note 2)	0.06%
	Beneficiary of a trust (other than a discretionary interest)	360,000 (Note 3)	0.03%
Mr. Huang Danghui	Beneficial owner	272,000	0.02%
	Beneficiary of a trust	554,116 (Note 2)	0.04%
	Beneficiary of a trust (other than a discretionary interest)	360,000 (Note 3)	0.03%
Mr. Xu Yixuan	Beneficial owner	240,000	0.02%
	Beneficiary of a trust	1,662,349 (Note 2)	0.12%

*Notes:*

- The percentage of shareholding was calculated based on the Company's total number of 1,371,034,016 Shares in issue as at the Latest Practicable Date.
- These Shares were registered in the name of Diamond Firetail Limited ("Diamond Firetail"), a company incorporated in the BVI and a wholly-owned subsidiary of Tricor Equity Trustee Limited ("Tricor Equity Trustee"). Tricor Equity Trustee is a trustee of a discretionary trust, while Mr. Lin Weiguo is one of the protectors of the said discretionary trust. Ms. Qiao Haixia, Mr. Huang Danghui and Mr. Xu Yixuan are beneficiaries of the said discretionary trust. Therefore, Mr. Lin Weiguo is deemed to be interested in the Shares held by Diamond Firetail by virtue of the SFO. As a beneficiary of the trust, each of Ms. Qiao Haixia, Mr. Huang Danghui and Mr. Xu Yixuan is deemed to be beneficially interested in the portion of the Shares held by Diamond Firetail corresponding to their respective beneficial interest.
- The 2021 restricted share incentive scheme (the "Incentive Scheme") of the Company was approved at the extraordinary general meeting of the Company on 27 September 2021 and 35,300,000 ordinary shares of the Company were issued to the trustee of the Incentive Scheme, who shall hold the ordinary shares of the Company on behalf of the incentive recipients of the Incentive Scheme. Being the incentive recipients of the Incentive Scheme, each of Ms. Qiao Haixia and Mr. Huang Danghui is interested in 360,000 and 360,000 ordinary shares of the Company held on trust by the trustee respectively, which are subject to vesting.

*Long positions in the shares of the Company's associated corporations*

Name of Director	Name of the Company's associated corporation	Capacity/Nature of interest	Number of issued shares/ underlying shares held	Approximate percentage of shareholding in issued share capital (Note 1)
Mr. Lin Weiguo	CDI	Interest of controlled corporation	33,289,340 (Note 2)	1.80%
	CDI	Beneficiary of a trust (other than a discretionary interest)	774,000 (Note 3)	0.04%
Ms. Qiao Haixia	CDI	Beneficial owner	116,000	0.01%
	CDI	Beneficiary of a trust	513,155 (Note 2)	0.03%
Mr. Huang Danghui	CDI	Beneficial owner	32,000	0.002%
	CDI	Beneficiary of a trust	342,115 (Note 2)	0.02%
Mr. Xu Yixuan	CDI	Beneficiary of a trust	1,026,344 (Note 2)	0.06%
	CDI	Beneficiary of a trust (other than a discretionary interest)	698,000 (Note 3)	0.04%
	CDI	Beneficial owner	112,000	0.01%

*Notes:*

- The percentage of shareholding was calculated based on CDI's total number of 1,845,814,126 ordinary shares in issue as at the Latest Practicable Date.



2. These ordinary shares of CDI were registered in the name of Diamond Firetail, a company incorporated in the BVI and a wholly-owned subsidiary of Tricor Equity Trustee. Tricor Equity Trustee is a trustee of a discretionary trust, while Mr. Lin Weiguo is one of the protectors of the said discretionary trust. Ms. Qiao Haixia, Mr. Huang Danghui and Mr. Xu Yixuan are beneficiaries of the said discretionary trust. Therefore, Mr. Lin Weiguo is deemed to be interested in the ordinary shares of CDI held by Diamond Firetail by virtue of the SFO. As a beneficiary of the trust, each of Ms. Qiao Haixia, Mr. Huang Danghui and Mr. Xu Yixuan is deemed to be beneficially interested in the ordinary shares of CDI held by Diamond Firetail.
3. 35,300,000 ordinary shares of CDI were allotted and issued to the trustee of the 2021 restricted share incentive scheme of CDI (the “CDI 2021 Incentive Scheme”), who held ordinary shares of CDI on behalf of the incentive recipients of the CDI 2021 Incentive Scheme. Being the incentive recipients of the CDI 2021 Incentive Scheme, each of Mr. Lin Weiguo and Mr. Xu Yixuan is interested in 174,000 and 168,000 ordinary shares of CDI held on trust by the trustee, respectively, which are subject to vesting.

100,000,000 ordinary shares of CDI were allotted and issued to the trustee of the 2022 restricted share incentive scheme of CDI (the “CDI 2022 Incentive Scheme”), who held ordinary shares of CDI on behalf of the incentive recipients of the CDI 2022 Incentive Scheme. Pursuant to the CDI 2022 Incentive Scheme, being the incentive recipients of the CDI 2022 Incentive Scheme, each of Mr. Lin Weiguo and Mr. Xu Yixuan is interested in 600,000 and 530,000 ordinary shares of CDI held on trust by the trustee, respectively, which are subject to vesting.

#### (ii) Directors’ positions in substantial Shareholders

As at the Latest Practicable Date, the following Directors were in the employment of those companies which had interests or short positions in the Shares or underlying Shares of the Company which are required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of Shareholder	Position held
Mr. Lin Weiguo	Xiamen C&D	Member of the party committee
	C&D Real Estate	Director, general manager and vice secretary of the party committee
	CDI	executive director and chief executive officer
Ms. Qiao Haixia	C&D Real Estate	Member of the party committee

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company:

- (a) was a director or employee of a company which had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO;



- (b) had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or were deemed to have under such provisions of the SFO); (ii) pursuant to Section 352 of the SFO, to be entered in the register of members of the Company; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

### 3. DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his/her appointment, and either party may terminate the agreement by giving the other party not less than two months' notice in writing. As at the Latest Practicable Date, each of the executive Directors is entitled to a director's emolument of RMB600,000 per annum and such management bonus and other benefits as may be determined by and at the sole discretion of the Board (upon the recommendation of the remuneration committee of the Board) from time to time.

Each of the non-executive Directors has entered into a service agreement with the Company for an initial term of three years, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his appointment, and either party may terminate the agreement by giving the other party not less than two months' notice in writing. As at the Latest Practicable Date, each of the NEDs does not receive any director's emolument but he may be entitled to such discretionary bonus and/or other benefits as may be determined by and at the sole discretion of the Board (upon the recommendation of the remuneration committee of the Board) from time to time.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his appointment, and either party may terminate the agreement by giving the other party not less than three months' notice in writing. As at the Latest Practicable Date, each of the INEDs is entitled to a director's emolument of HK\$150,000 per annum.

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

#### 4. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given opinions or advice which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Draco Capital Limited	a licensed corporation permitted to carry on Type 6 (advising on corporate finance) regulated activity under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this circular with its letter included or references to its name in the form and context in which it is included.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert had no direct or indirect interests in any assets which had been acquired or disposed of by or leased to any member of the Group since 31 December 2022 (the date to which the latest published audited combined financial statements of the Company were made up) or proposed to be acquired, disposed of or leased to any member of the Group.

#### 5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was no any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

#### 6. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date:

- (a) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up; and
- (b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group.

**7. DIRECTORS' INTEREST IN COMPETING BUSINESS**

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had any interest in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group, or had or might have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

**8. GENERAL**

- (a) The company secretary of the Company is Ms. Kam Mei Ha Wendy. Ms. Kam is a Chartered Secretary and a Fellow of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute.
- (b) The registered office of the Company is at 2/F, Palm Grove House, P.O. Box 3340, Road Town, Tortola, BVI.
- (c) The principal place of business in Hong Kong of the Company is at Room 3517, 35th Floor, Wu Chung House, 213 Queen's Road East, Wan Chai, Hong Kong.
- (d) The address of the Company's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

**9. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cndservice.com](http://www.cndservice.com)) from the date of this circular up to 14 days (inclusive) thereafter:

- (a) the Renewed Inventory Property Underwriting Agreement;
- (b) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages IBC-1 to IBC-2 of this circular;
- (c) the letter issued by the Independent Financial Adviser, the text of which is set out on pages IFA-1 to IFA-21 of this circular;
- (d) the written consent referred to in the paragraph headed "Expert's qualification and consent" in this appendix; and
- (e) this circular.

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**C&D Property Management Group Co., Ltd**

**建發物業管理集團有限公司**

*(Incorporated in the British Virgin Islands with limited liability)*

**(Stock Code: 2156)**

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “**Meeting**”) of C&D Property Management Group Co., Ltd (the “**Company**”) will be held at Room 3517, 35th Floor, Wu Chung House, 213 Queen’s Road East, Wanchai, Hong Kong on Friday, 12 January 2024 at 10:00 a.m., to consider, if thought fit, pass with or without modifications the following as an ordinary resolution of the Company:

**ORDINARY RESOLUTION**

“**THAT:**

- (a) the inventory property underwriting agreement dated 16 November 2023 entered into between C&D International Investment Group Limited and the Company (the “**Renewed Inventory Property Underwriting Agreement**”) (a copy of which has been produced to the Meeting and initialed by the chairman of the Meeting for identification purpose), the transactions contemplated thereunder, the proposed annual caps in relation to the transactions contemplated under the Renewed Inventory Property Underwriting Agreement and all other transactions in connection therewith and any other ancillary documents, be and are hereby confirmed, approved and ratified, subject to such addition or amendment as any Director(s) may consider necessary, desirable or appropriate; and
- (b) any Director be and is hereby authorised for and on behalf of the Company to, amongst others, sign, execute and deliver or to authorise the signing, execution and delivery of all such documents and deeds, to do or authorise doing all such acts, matters and things as he/she may in his/her discretion consider necessary, expedient or desirable to give effect to and implement the Renewed Inventory Property Underwriting Agreement and any ancillary documentation and transactions thereof.”

Yours faithfully,

By Order of the Board

**C&D Property Management Group Co., Ltd**

建發物業管理集團有限公司

**Lin Weiguo**

*Chairman and Non-executive Director*

Hong Kong, 21 December 2023

## NOTICE OF EXTRAORDINARY GENERAL MEETING

*Registered office:*  
2/F, Palm Grove House  
P.O. Box 3340  
Road Town, Tortola  
BVI

*Principal place of  
business in Hong Kong:*  
Room 3517, 35th Floor  
Wu Chung House  
213 Queen's Road East  
Wanchai, Hong Kong

*Notes:*

1. A shareholder of the Company (the “**Shareholder**”) entitled to attend and vote at the Meeting is entitled to appoint another person as his/her proxy to attend and vote in his/her stead. A Shareholder who is the holder of two or more shares in the Company (the “**Shares**”) may appoint more than one proxy to represent him/her and vote on his/her behalf at the Meeting. A proxy need not be a Shareholder.
2. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Shares as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the Meeting, personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his/her attorney duly authorized in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorized, and must be deposited with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) not less than 48 hours before the time fixed for holding of the Meeting (or any adjournment thereof).
4. The register of members of the Company will be closed from Tuesday, 9 January 2024 to Friday, 12 January 2024 (both days inclusive), during which period no transfer of the Shares will be effected. In order to qualify for attending the Meeting or any adjournment thereof, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong branch share registrar and transfer office at the above address for registration by no later than 4:30 p.m. on Monday, 8 January 2024.
5. Delivery of an instrument appointing a proxy should not preclude a Shareholder from attending and voting in person at the Meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. The Company reminds all Shareholders that physical attendance in person at the Meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the Meeting as their proxy to vote on the relevant resolution(s) at the Meeting instead of attending the Meeting in person, by completing and return the form of proxy.
7. If any Shareholder chooses not to attend the Meeting in person but has any question about any resolution or about the Company, or has any matter for communication with the board of directors of the Company, he/she is welcome to send such question or matter in writing to the head office and principal place of business in Hong Kong of the Company or by fax at (852) 2525 7890. If any Shareholder has any question relating to the Meeting, please contact Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office as follows:

Tricor Investor Services Limited  
17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong  
Email: [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com)  
Tel: (852) 2980 1333  
Fax: (852) 2810 8185

8. Certain director(s) of the Company may attend the Meeting through video conference or similar electronic means.

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

As at the date of this notice, the executive Directors are Ms. Qiao Haixia (Chief Executive Officer) and Mr. Huang Danghui; the non-executive Directors are Mr. Lin Weiguo (Chairman) and Mr. Xu Yixuan; and the independent non-executive Directors are Mr. Lee Cheuk Yin Dannis, Mr. Li Kwok Tai James and Mr. Wu Yat Wai.

This notice is prepared in both English and Chinese. In the event of inconsistency, the English text of the notice shall prevail over the Chinese text.